



*Office of the United States Attorney
District of Arizona*

FOR IMMEDIATE RELEASE
Thursday, January 26, 2006

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FOUR INDICTED IN WAREHOUSE BANKING SCHEME

PHOENIX - A federal grand jury here returned a 15-count indictment against Cynthia Beers, 57, and Brent Beers, 39, both of Mesa, Ariz; Steven Vergara, 48, of Cornville, Ariz.; and Gerald Nosewicz, 51, of Scottsdale, Ariz. following an investigation by the Internal Revenue Service, Criminal Investigation Division. The indictment included violations of Conspiracy, Evasion of Payment, Attempted Tax Evasion, Willful Failure to File an Income Tax Return and Submission of Fictitious Obligation.

Cynthia Beers was arrested on Friday, January 20, 2006 and was released on pretrial supervision on Tuesday, January 24, 2006. Vergara was arrested on Monday, January 23, 2006 and also released on pretrial supervision on Tuesday, January 24, 2006. On Monday, January 23, 2006 a summons was served on Brent Beers and an arrest warrant issued for Nosewicz. Nosewicz remains at large.

The indictment alleges that Cynthia Beers advised clients to direct their income to intermediary business entities and transfer the money into a bank account controlled by her as a way to falsely reclassify and conceal income to evade the assessment of payment of income tax. Using this account, Cynthia Beers allegedly made payments, or directed the payments, for her clients' personal expenses. The use of bank accounts as purported trusts is commonly referred to as "warehouse banking." She was charged with Conspiracy and Submission of a Fictitious Obligation.

Steven Vergara, allegedly transferred his dental practice, Arizona Smile Designers, over to a corporation formed by Cynthia Beers. Vergara attempted to disguise the nature of income by reclassifying it on the books and records of his practice as contract expense. He was charged with Conspiracy, Evasion of Payment, Attempted Tax Evasion and Submission of a Fictitious Obligation.

Gerald Nosewicz was an architect who allegedly has not filed tax returns since 1983. The indictment alleges that in 1995 the IRS filed substitute for returns calculating the tax owed from 1983 to 1993 and notified Nosewicz on May 18, 1995. In March of 1996 Nosewicz allegedly organized Design Management as an irrevocable trust and began sending income to Cynthia Beers to pay personal expenses. He was charged with Conspiracy, Evasion of Payment, and Attempted Tax Evasion.

Brent Beers, Cynthia's son, was a consultant for Nextel Communications and allegedly arranged for the income earned from Nextel to be paid in the form of checks made out to Strymon Group LLC, an entity created by Cynthia Beers. He was charged with Conspiracy, Attempted Tax Evasion and Willful Failure to File and Income Tax Return.

The indictment also alleges that Steven Vergara and Cynthia Beers sent fictitious instruments

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with a face value of \$409,430.23 and \$3,403,833.61, resembling valid checks or money orders, but having no value, to the IRS, with instructions to apply the funds to taxes they owed.

A conviction for Conspiracy carries a maximum penalty of five years in prison, a \$250,000 fine or both. A conviction for Evasion of Payment carries a maximum penalty of five years in prison, a \$250,000 fine or both. A conviction for Attempted Tax Evasion carries a maximum penalty of five years in prison, a \$250,000 fine or both. A conviction for Willful Failure to File an Income Tax Return carries a maximum penalty of three years in prison, a \$250,000 fine or both. A conviction for Submission of a Fictitious Obligation carries a maximum penalty of 10 years in prison, a \$250,000 fine or both. In determining an actual sentence, the assigned judge will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt. The prosecution is being handled by Michelle R. Hamilton-Burns, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR- 06-0036
RELEASE NUMBER: 2006-020(Beers, et.al)

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